THIRTY-SECOND
ANNUAL REPORT

2005
(Fiscal Year ended June 30th)

The Law
Foundation
of Saskatchewan
Regina, Sask.

THE LAW FOUNDATION
(www.lawfoundation.sk.ca)

The Law Foundation of Saskatchewan
32nd Annual Report for the Year Ended June 30th, 2005
to the Honourable Minister of Justice of Saskatchewan
and to the Law Society of Saskatchewan,
pursuant to Section 79 of The Legal Profession Act,
1990, and Amendments thereto

The Law Foundation of Saskatchewan was established in 1971. The purpose of the Foundation is to establish and maintain a fund to be used for legal education legal research, legal aid, law libraries and law reform. The Foundation's funds consist of all interest earned on trust funds on deposit in lawyers mixed trust accounts and investment income. All such trust funds accrue interest at rates negotiated between the Law Foundation and the various financial institutions. During the year ended June 30th, 2005, the total amount of interest earned by lawyers mixed trust accounts and paid to the Foundation was $1,538,000. Investment income was $318,400.

Since its inception the Foundation has received total income of $49,100,000 and made grants totaling $44,000,000.

The major beneficiaries of the Law Foundation's funds for the year ended 30th June 2005 were the following:

- Law Society of Saskatchewan Libraries
- Public Legal Education Association
- Saskatchewan Legal Education Association
- Native Law Centre
- Office of the Saskatchewan Treaty Commissioner
- Law Reform Commission
- Elizabeth Fry Society
- College of Law, University of Saskatchewan, Law Foundation of Saskatchewan Endowment Fund
- Collaborative Lawyers Association of Saskatchewan

An itemized list of all grants authorized by the Law Foundation during 2005 is on Schedule "1" of the Financial Statements attached.

Recent major one time grants include: The establishment of the Saskatchewan Legal Aid Endowment Fund with a contribution of $1,100,000, A Chair in Police Studies at the University of Regina with a grant of $750,000, A major grant of $2,500,000 was made to the University of Saskatchewan, College of Law, Law Foundation of Saskatchewan Endowment Fund.

As a result of changing conditions, the need for $5,000,000 reserve is no longer necessary. During the last two years, the Grant Stabilization Reserve was reduced to $3,000,000. The Reserve is intended to be used in years where the interest earned by Lawyers' mixed trust accounts and investments is not sufficient to meet the core grants of the Law Foundation.

The Law Foundation meets on a quarterly basis. In February 2005, Mr. Robert Arscott, F.C.A., attended a mid-winter meeting of the American Foundations. Messrs. John Stamatinos, Q.C., and Mr. Arscott attended the September 2005 annual meeting of the Canadian Association of Law Foundations held in Victoria, B.C. At the annual meeting, the Canadian Law Foundations discussed projects of a national nature and other matters of mutual interest. Representatives of the Saskatchewan Law Foundation continually emphasize the national importance of the Native Law Centre at the University of Saskatchewan and requested the continued support of the other Foundations for this project.

The present members of the Foundation appointed by the Law Society of Saskatchewan are: Mr. John Stamatinos, Q.C., (Chair), Mr. Randy Baker, Q.C., (Vice-Chair), Dean Brent Cotter, Q.C., Mr. Rod Crook, and Karen Prisciak, Q.C. Appointed by the Minister of Justice: Mr. Gordon Wicijowski, L.L.D, F.C.A. (Treasurer), Ms. Alma Wiebe, Q.C. The Secretary is Mr. Robert Arscott. F.C.A.

ALL OF WHICH IS RESPECTFULLY SUBMITTED.

Dated at Yorkton, Saskatchewan, this 4th day of November A.D. 2005.

Mr. John Stamatinos, Q.C.
Chair

LAW FOUNDATION OF SASKATCHEWAN

FINANCIAL STATEMENTS

June 30, 2005

Deloitte

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AUDITORS' REPORT

To the Members of the
Law Foundation of Saskatchewan

We have audited the balance sheet of the Law Foundation of Saskatchewan as at June 30, 2005, and the statement of revenue, expenditures, grants and deficit for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Law Foundation of Saskatchewan as at June 30, 2005 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Regina, Saskatchewan
August 18, 2005

Member of
Deloitte Touche Tohmatsu

LAW FOUNDATION OF SASKATCHEWAN

(Established under the Legal Profession Act of Saskatchewan)

BALANCE SHEET
30th JUNE 2005

	2005	2004
ASSETS		
Cash	$ 124,751	$ 171,777
Interest receivable from solicitors' trust accounts	165,734	65,740
Investments - cost (Note "2")	5,623,400	5,963,356
Accrued interest on investments	349,200	301,552
Due from Investment Dealer	296,834	306,149
	$ 6,559,919	$ 6,808,574
LIABILITIES, RESERVE AND DEFICIT		
Accounts payable	$ 1,200	$ -
Grants payable	3,576,314	2,311,091
	3,577,514	2,311,091
Grant stabilization reserve (Note "1")	3,000,000	4,250,000
(Deficit) unallocated revenue	(17,595)	247,483
	2,982,405	4,497,483
	$ 6,559,919	$ 6,808,574

On behalf of the Foundation

Chairperson

Treasurer

LAW FOUNDATION OF SASKATCHEWAN

STATEMENT OF REVENUE, EXPENDITURES, GRANTS AND DEFICIT
30th JUNE 2005

		2005		2004
REVENUE:				
Interest from lawyer's mixed trust accounts		$ 1,537,902		$ 1,403,374
Interest earned on investments		318,378		368,877
		1,856,280		1,772,251
EXPENDITURES:				
- Administrative				
Foundation members				
- per diem	$ 30,700		$ 27,050	
- meetings				
- regular	7,496		7,061	
- special	3,833		4,415	
Office, postage, stationery, telephone	17,940		16,581	
Office of the Secretary	77,805		73,118	
Professional fees	5,559		4,432	
		143,333		132,657
EXCESS OF REVENUE OVER EXPENDITURES BEFORE GRANTS		1,712,947		1,639,594
GRANTS AUTHORIZED				
- Schedule "1" (Note "1")		(3,517,242)		(2,419,666)
GRANTS RECOVERED		289,217		7,368
EXCESS OF EXPENDITURES AND GRANTS OVER REVENUE FOR THE YEAR		(1,515,078)		(772,704)
TRANSFER FROM GRANT STABLIZATION RESERVE		1,250,000		750,000
UNALLOCATED REVENUE, BEGINNING OF YEAR		247,483		270,187
(DEFICIT) UNALLOCATED REVENUE, END OF YEAR		$ (17,595)		$ 247,483

LAW FOUNDATION OF SASKATCHEWAN

NOTES TO THE FINANCIAL STATEMENTS
30th JUNE, 2005

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following policies:

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles required management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from the estimates.

Financial Instruments

The Foundation carries various financial instruments. Unless otherwise indicated, it is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted. Long term investments are recorded at cost. It is the Foundation's policy to hold all investments to maturity.

Interest

Interest income is recorded as earned and results from client trust accounts of the members of the Law Society of Saskatchewan.

Grants

Grants are expensed at the time they are authorized by the Foundation.

Grant Stabilization Reserve

The Reserve is to provide protection for continuing grants in the event of future revenue reductions. As a result of changing conditions, the need for a $5,000,000 reserve is no longer necessary. The members approved a reduction in the reserve for 2004, and transferred $750,000 to general operations. A further $1,250,000 was transferred this year to finance a grant made in October 2004 to the College of Law, University of Saskatchewan, Law Foundation of Saskatchewan Endowment Fund.

LAW FOUNDATION OF SASKATCHEWAN

NOTES TO THE FINANCIAL STATEMENTS
30th JUNE, 2005

2. INVESTMENTS

	Years to Maturity	2005 Market	2005 Cost	2004 Market	2004 Cost
Medium term notes					
	1 - 3 years	**$ 586,108**	**$ 555,274**	$ 1,092,876	$ 1,054,468
	4 - 7 years	**676,006**	**660,127**	422,858	407,953
Guaranteed investment certificates					
	1 - 3 years	**867,346**	**850,000**	565,090	550,000
	4 - 7 years	**414,714**	**400,000**	363,000	350,000
Debentures					
	1 - 3 years	**207,741**	**202,916**	418,654	402,490
	4 - 7 years	**104,253**	**100,000**	-	-
Bonds					
	1 - 3 years	**2,453,899**	**2,152,432**	2,948,574	2,645,793
	4 - 7 years	**644,571**	**602,658**	472,967	452,659
	7 +	**108,917**	**99,993**	99,285	99,993
		$ 6,063,555	**$ 5,623,400**	$ 6,383,304	$ 5,963,356

Market value includes accrued interest of $349,200 (2004- $301,552) recorded as an asset in balance sheet

3. CASH FLOW STATEMENT

A cash flow statement has not been prepared as it would not provide any additional useful information in understanding cash flows for the year.

LAW FOUNDATION OF SASKATCHEWAN

(Established under the Legal Profession Act of Saskatchewan)

GRANTS AUTHORIZED
30th JUNE 2005

Schedule "1"

College of Law, University of Saskatchewan, Law Foundation of Saskatchewan Endowment Fund	$ 1,775,000
Law Society Libraries - annual	700,000
Public Legal Education Association - annual	492,000
Saskatchewan Legal Education Society - annual	149,855
Native Law Centre - annual	76,737
Law Foundation Endowment Fund - College of Law - annual	75,000
Law Reform Commission - annual	60,000
Office of the Saskatchewan Treaty Commissioner	54,750
Elizabeth Fry Society - Native Court Worker - annual	39,400
Court of Queen Bench - "You Be the Judge"	23,500
Collaborative Lawyers Association	18,000
Saskatchewan Elocution & Debate - annual	12,000
Saskatoon Sexual Assault & Information Centre - annual	12,000
Law Society of Saskatchewan - 2007 Centennial	10,000
Saskatchewan institute for Public Policy	10,000
Salvation Army - annual	5,000
CBA Saskatchewan Law Day - annual	4,000
Total	$ 3,517,242